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# ECONOMIC COUNCIL LETTER

August 15, 1955

Letter No. 365

## The Guaranteed Annual Wage

Guaranteed Annual Wage contracts such as have been entered into by General Motors and Ford Motor Company with UAW-CIO will destroy the economy of our Republic if extended generally. And it is publicly known that powerful labor leaders are already demanding such contracts in other fields.

If they succeed, they will defeat their own efforts. Meanwhile, thousands of presently sound industries, small and large, will be forced into mergers, or into bankruptcy because they cannot possibly pass along much more of their financial load to the ultimate consumer. The result would be devastating unemployment, misery to local communities, and, in the end, some form of State or National Socialism.

### Surviving Industry Would Curtail

Professional labor leaders may disagree with the above conclusion. So let it be recorded here that even though some industries would be able to struggle along after promising a Guaranteed Annual Wage, they nevertheless would be compelled to limit their organizations to men and women who can be employed profitably all year around. This would sharply reduce opportunities for part-time employment and swell the year-round unemployment rolls appreciably, which might well cause another depression.

*The Wall Street Journal* has editorially charged that the Guaranteed Annual Wage "is a plan to get pay for not working."

### Industry Must Be Protected

Industry must be permitted to survive and prosper. Without ample and profitable industry to provide employment, chaos would quickly envelop

the United States and all of us would become slaves of some sort of abhorrent dictatorship.

Aside from General Motors and Ford Motor Company, the best known of those who have experimented with some modified form of a Guaranteed Annual Wage are Procter & Gamble, Nunn-Bush, and Hormel. Each of these concerns produces non-durable consumer goods—either necessities or common conveniences—a most important consideration.

The following statement by the present head of Hormel Company, is enlightening:

*"Our Company is wholly unable to redeem the money consideration in such a guarantee unless we can keep our people actually and profitably employed. The entire asset value of our Company, cashing in everything we own, would only be sufficient to redeem a ten months' guarantee. If we as a company cannot make such a guarantee, neither can our community, for we know that, in our town, all of the bank assets, including county deposits, all the money owned by all of us, would only cover the payroll for nine months. The only guarantee we know of is the ability of management to manage, coupled with willingness of workers to work. If either fails, then the guarantee fails."*

Undoubtedly there are many thousands of situations where a Guaranteed Annual Wage would put a company in a strait jacket, and cause financial failure with consequent loss to both employer and employee. Likewise tragedy to the various communities.

*Ora A. Taylor*

Vice-President

NATIONAL ECONOMIC COUNCIL, INC.



By request, we reproduce on pages 2 and 3 Economic Council Paper of July 15, 1950.

ECONOMIC COUNCIL PAPERS

JULY 15, 1950

VOL. VI, No. 2

# What the National Economic Council Is—And Is Not

## A Statement to the American People by a Number of American Citizens:

Because of attacks on the National Economic Council and its president, Merwin K. Hart, furthered and publicized through the Buchanan Congressional Committee, we publish this statement. Our purpose is to make perfectly plain what the National Economic Council is—and is not.

Every effort has been made in recent years to discredit the Council and its aims by falsely branding Mr. Hart as both fascist and anti-semitic. This is the modern European revolutionary technique not to argue with your adversary but to smear him. Call him a bad name and keep repeating it. Then associate his name directly and indirectly with other smeared groups.

Soon the public will know the victim of this diabolical technique only by the odious labels which have been fastened on him!

\* \* \* \* \*

There is nothing mysterious about the National Economic Council. It was organized 20 years ago with one purpose—to defend the American system of republican constitutional government and to support the American system of private enterprise as against the advance of Socialism, Communism or Fascism. All of these isms are equally odious to it.

Those who make up its Board are respected citizens, most of them widely known. They believe that our American system of government and economic organization is, with all its faults, the best yet formed for a prosperous and free society. By no stretch of imagination can they be called subversive. Yet the campaign to destroy the Council as a defender of our American way of life has gone so far as to denounce it as "subversive," as "fascist" and, without rhyme, reason or relevance, as "anti-semitic."

Generally the Council has recognized evils and shortcomings in our form of social organization, but insists that these defects should be cured within the framework of our American Constitution and our American system of private enterprise. It has resisted efforts, therefore, to push America into any of the forms of statism which now afflict, cripple and enslave most of the world.

The Council is convinced that the American march to statism is taking the form first of a moderate Socialism on the British model; that the rigor of planning and the extent of government controls to enforce compliance with the plans will then require dictatorial pow-

ers. It is the Council's profound conviction that this first stage of so-called democratic Socialism will be followed by a swift descent into either a fascist or a communist dictatorship—both equally abhorrent.

The Council therefore has sought to make the American people aware of what it believes to be imminent dangers to their liberty. It has engaged in no smear attacks. It has carried on no persecutions, no boycotts. It has confined itself to the civilized forms of public discussion. It has addressed itself to American leaders through bulletins, pamphlets, letters. It operates no underground. It employs no spies, though its own offices have been invaded by spies. Everything it has done has been done openly and in the best traditions of our free society.

It is true that the Council seeks to influence legislation. Its president and others have appeared for it before congressional committees and presented their views in orderly and respectful argument. This is called lobbying. The Council has endeavored conscientiously to comply with every law covering any of its personnel engaged in such activity. Its files have been open to authorized government agents and it has reported its activities to the extent required by law.

The technique of radicalism to destroy its enemies, not by argument, but by smearing has been fully employed to discredit the Council with the false charge that it and its president are anti-semitic. The Council is not in any way concerned with either semitism or anti-semitism. A curious by-product of this smear of anti-semitism is that the man or organization thus slandered and libeled cannot reply to or resent these outrageous smears without having his very denial used as further evidence of his anti-semitism! Once you are labeled as "anti-semitic" the case against you is closed.

The Council has resented these attacks and has denounced the attackers. But your very reply to an assailant is used to complete the evidence against you. It is a diabolical technique. But it has not been completely successful, for some Jews who are devoted to our American system are respected supporters and members of the Council.

The Council has for 20 years been pointing to the slowly spreading influence of Socialism. It has been ceaselessly warning our people and our public officials of the danger in the free hand which was given to



agents of Soviet Russia to infiltrate our Government and influence our policies.

Now the whole country knows this story. It is one of the major proven scandals of our history. The Council has long protested against our unholy alliance with Soviet Russia and against the shocking surrenders our government made to Stalin.

Now the country is a unit on this point as the whole shabby fabric of pro-Soviet "friendship" comes crumbling about our heads and we find ourselves edged into another war.

Now many who smeared the Council are in jail and some have fled to foreign lands to escape prosecution as traitors to this country. And many of the Council's most vociferous critics now strut about, wrapped to their chins in the mantle of anti-Communism.

For 20 years the Council has called attention, frequently in vain, to the slowly creeping menace of Socialism. Now in the last year the whole country has suddenly awakened to this danger. Some magazines and many newspapers which joined without examination in the criticism of the Council's own solemn warnings are now leading the pack against Socialism.

Our whole medical fraternity is now alerted, aroused, even frightened by a bold attempt to hurry them into the first stages of socialized medicine.

A national CIO union of utility workers has suddenly awakened to what has happened to their union in that branch of the utility industry which has been nationalized and utters a solemn warning against the "creeping paralysis of Socialism," to use their own words.

The Wisconsin Federation of Labor, after advocating the socialization of power for 40 years, has now dropped that plank from its platform.

The Council's crime was to be among the first to see these dangers as they appeared in small clouds over our society in the early 'thirties.

Now the question presents itself—do those who believe in our Constitution and in our economic society have a right to defend it? Are those who do defend it to be defamed and hounded and dragged before the bar of Congress to be branded as malefactors because they fight for the American Republic as against a socialist, a fascist or a communist state? This is a very fundamental issue. And it is one which concerns not merely officers of this organization but all Americans who still hold their faith in the kind of life and law that made us strong.

We think we are not in any sense alarmist when we suggest to the Congress that it is treading on extremely dangerous ground when it undertakes to put a shackle on the right of the citizen to speak his mind or to join with others to speak his mind—to tell his neighbor, to tell the world or, indeed, to tell Congress and the Presi-

dent himself what he thinks of the course in public affairs.

There are many ways of abridging this right, a right expressly guaranteed by the First Amendment to the Constitution. One is to pass a law limiting the right of freedom of speech. No one dares to propose that—it would be too patent a violation of the Constitution. Another way is to use the machinery of government to persecute, to intimidate those who use this inalienable right.

Congress will do well to think twice before it establishes a precedent in this dangerous field of suppression.

Congress will do well to investigate the influences that caused Buchanan inquisitors to single out for attack certain organizations devoted to supporting our institutions while passing over the half dozen or so which specialize in the technique of character assassination as a substitute for public discussion.

*Is this to become the policy of Congress?*

\* \* \* \* \*

The undersigned, who have watched the Council over the years, believe that it is one of the substantial constructive forces in the United States today.

We ourselves support the Council, morally and financially. And we call on all Americans, men and women, and particularly the business men—who will have no enterprise left unless this thing is stopped—to send their dollar, their ten dollars, their hundred dollars, their thousand dollars, to the National Economic Council, Inc., Empire State Building, New York 1, N. Y.

Unless the principles for which the Council stands are maintained, your private property, your private enterprise, your own personal liberty will not survive.

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WILLIAM F. BUCKLEY, Sharon, Conn.  
J. H. & CHARLES W. CHAPMAN, Waterloo, Ia.  
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FRANK T. PRIEST, Wichita, Kan.  
ORA A. TAYLOR, South Orange, N. J.  
ADDISON Q. THATCHER, Toledo, O.



## READ THIS!

No industrialist should fail to read the leading article in the *American Mercury* for September, 1955, entitled "Reuther's Revolution," by Dr. J. B. Matthews. Buy on your newsstand or order direct from *American Mercury*, 250 West 57th Street, New York 19, N. Y., or from N. E. C. Price 35 cents.

NATIONAL ECONOMIC COUNCIL, INC., established in 1930, is a non-profit, non-partisan membership corporation organized under New York State law. While it approves of fair consideration for labor, it nevertheless is an educational champion of private ownership, the profit and loss system and limited government—and of continued American independence.

Generous financial support from those who seek to perpetuate the security of our Republic and its industries constitute a prime source of the council's income.

Clearly, in view of Communist penetration *everywhere*, the liberty and independence of America are in dire peril. Consequently National Economic Council needs and will welcome your financial support.

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*This Council Letter may be quoted in whole or part, provided due credit is given to the National Economic Council, Inc., Empire State Building, New York 1, N. Y., and quotation is specified to be from Economic Council Letter 365, August 15, 1955*

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